Headquarters U.S. Air Force

Integrity - Service - Excellence

AFMS Group

10 Mar 04
1300-1530

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AFMS Group Agenda

■ FY06-11 POM, SG Vector Check Update – Col Miller	15 Min
■ PSC Recapture Model – Lt Col Riggs	30 Min
■ External FY06 Bills – Lt Col Kennedy	20 Min
■ Other Resource Issues (OP, MilCon, SPAs, etc.) – Mr. Gooding	20 Min
■ AF Medical MILCON FY06-11 POM – Lt Col Merrick	40 Min
■ New Business / Open Discussion	15 Min

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Private Sector Care Recapture Model

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Lt Col Hoosier Riggs
Team Chief, PLATT
brian.riggs1@pentagon.af.mil

DP - (703) 303-5741
DSN - Not Available

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PSC Recapture Model

- **Purpose: Provide AFMS Group with a general understanding of the Private Sector Care Recapture Model.**
  - **Classification: Unclassified**
  - **Type: Informational**
  - **Length of Briefing: 30 min**
  - **Briefer: Lt Col Hoosier Riggs, HQ USAF/SGMP (PLATT),**

    (703) 303-5741, brian.riggs1@pentagon.af.mil

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Overview

- Data Sources
- Assumptions & Considerations
- Components & Constraints
- Initial Model Results
- Way Ahead
- Questions, Comments, & Conclusions

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Data Sources

- FY02 Standard Inpatient Data Record (SIDR), Standard Ambulatory Data Record (SADR) and Private Sector Care claims data pulled from M2
- Data pulled April 2003
  - Incurred But Not Received (IBNR) rate was 4.5% (~$54M)
  - Updated run in progress (same source, same methodology)
    - IBNR rate at 0.77% (~$9M)
- Updated results will be forwarded to MAJCOMs by next week

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Assumptions & Considerations: General

- Model only applies to 13 analyzed product lines (56% of PSC)
  - Cardiology, ENT, FP, General Surgery, IM, Life Skills, OB/GYN (to include Women's Health), Ophthalmology, Optometry, Orthopedics (to include Podiatry), Pediatrics, PT, and Urology
- Data as reported by MTFs is accurate & complete
- First year recapture lag factor (Established: ~30%; New: ~33%)
- MTFs will aggressively pursue PSC recapture
- Does not consider Medicare eligible recapture
- All data expressed in FY02 constant dollars (no inflation)
- Only includes environmental considerations in POM lay down
- Staffing of these 13 product lines is as close to 100% as possible
- No "trade off" factor applied

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Assumptions & Considerations Product Line Specific

- **Limitation Factor applied per SG Consultant**
  - **Example: Lack of Cardio-Thoracic Surgeon limits Cardiologist's recapture potential**
- **Non-optimization results in reduced recapture (PL specific)**
- **Lack of inpatient results in reduced recapture (PL specific)**
- **MTF UMDs and staffing reflect POM Option lay down**

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Components and Constraints

- Direct Care Risk (cost of MTF care if purchased downtown)
- PSC Risk (actual claims received)
- Geo-Locality Adjusted Average Relative Value Unit (RVU)
- Optimized Product Line RVU Target
- Limitation Factors
- Non-optimization Factors
- Non-inpatient Factors
- Lag Time Factors

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Initial Model Results

- **Projected impact on Private Sector Care costs per POM Option:**

In $M	A1	A2	B1	B2	C1
FY06	(3.3)	(4.2)	15.0	14.2	14.2
FY07	(35.2)	(36.5)	(9.8)	(10.7)	4.1

- **Updated FY02 data run will be provided by end of next week**
- **FY03 data run in progress…5.7% IBNR applies**

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Way Ahead

- Completion of FY02 final run by 11 March 2004
  - Model results released to MAJCOMs by 12 March 2004
    - Reminder…PSC claims completion is 99.22% for this run
  - MAJCOM comments / concerns due by 23 March 2004
- Completion of FY03 initial run by 17 March 2004
  - Model results released to MAJCOMs by 18 March 2004
    - Reminder…PSC claims completion is 94.3% for this run
  - No MAJCOM comments required on this run (FYI Only)
    - Compare with FY02 results to highlight any potential disconnects, but, lower completion rate means more claims pending adjudication

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Questions, Comments, & Conclusions

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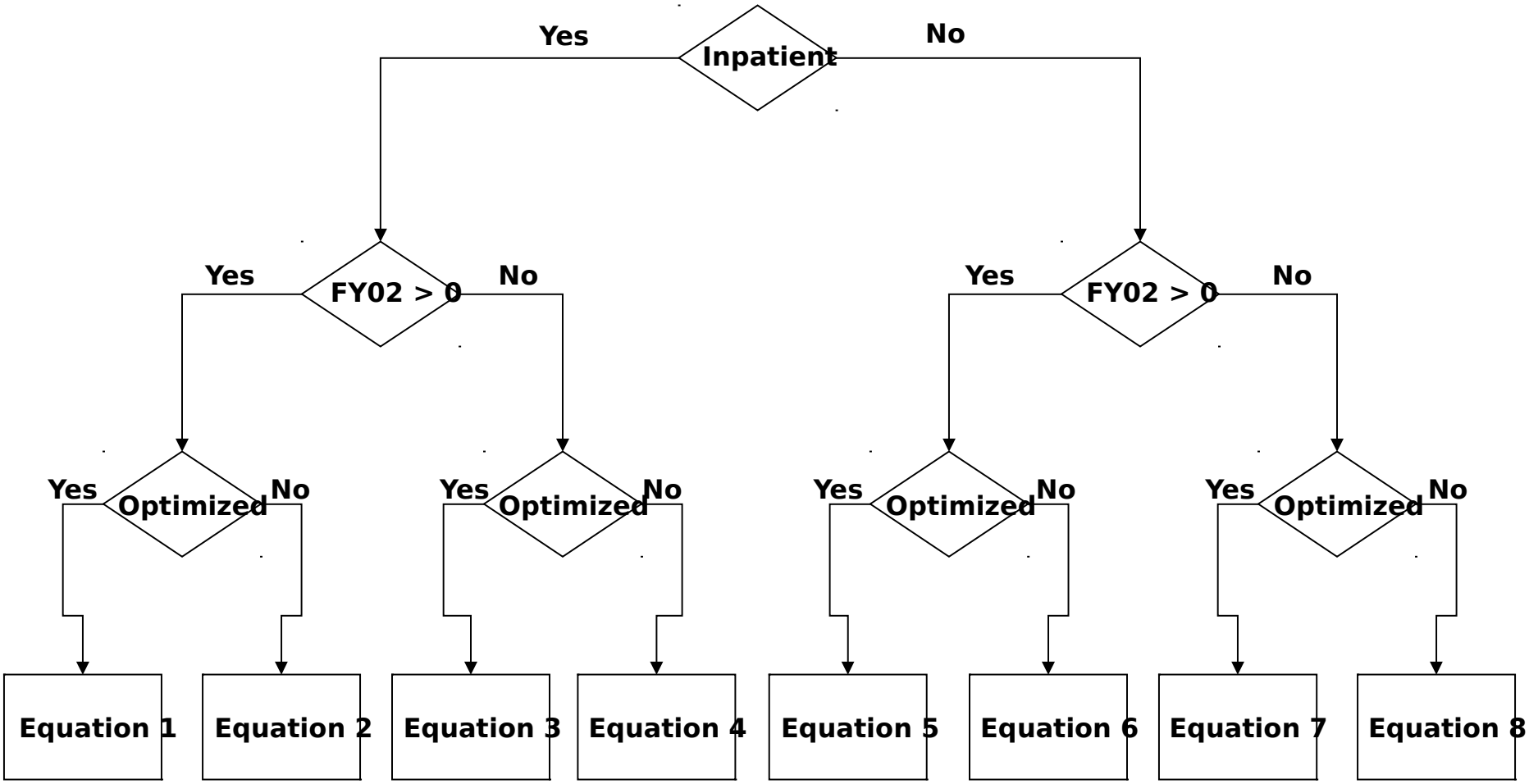
Back Up Slides

Step One (Optimization Factor) Decision Tree



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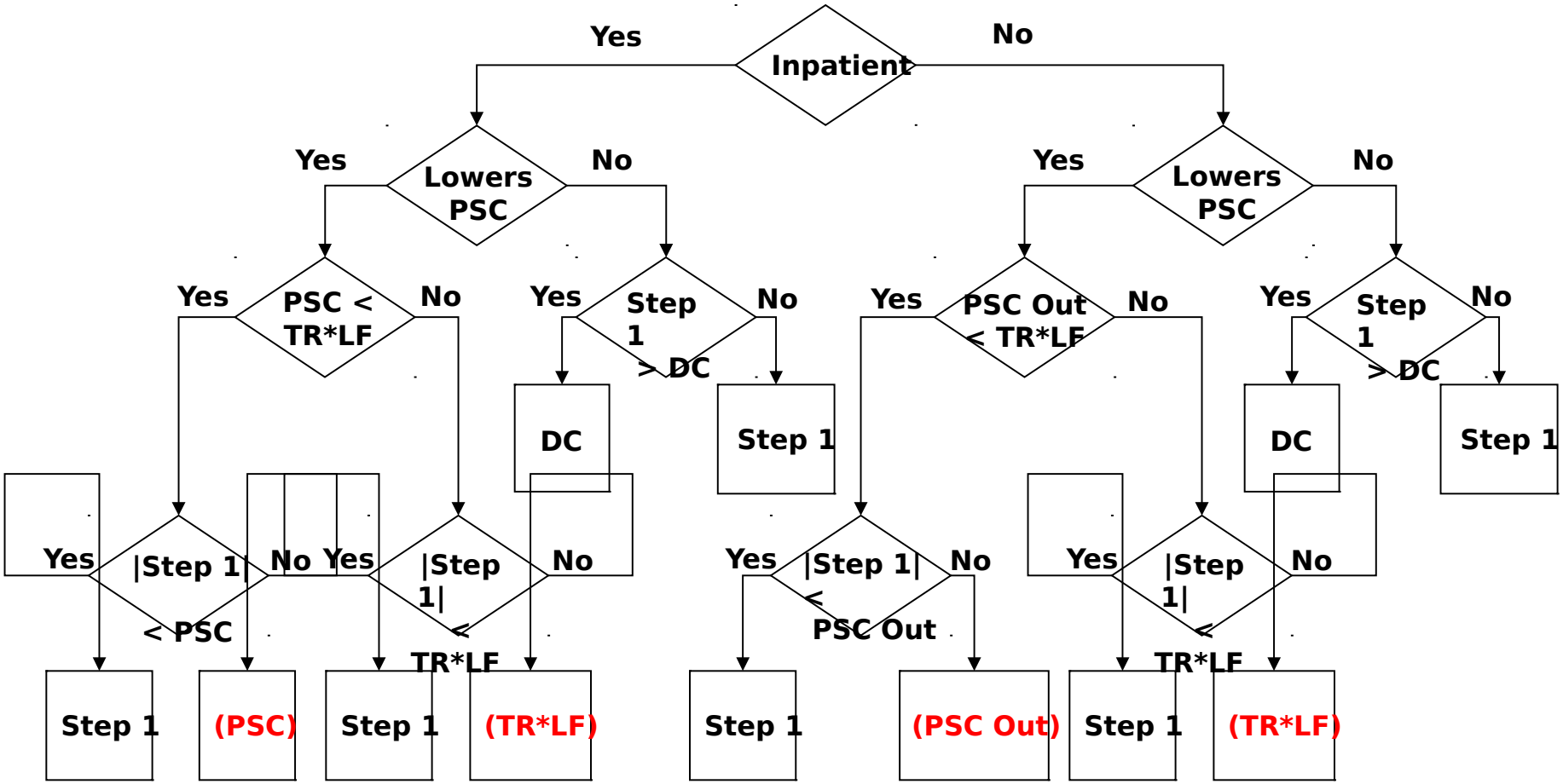
Step One (Limitation Factor) Decision Tree



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FY06 External Bills

Lt Col Kennedy
HQ USAF/SGMP

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Bills voted "Yes" by AFMS Group (External Driven)

(Figures are in $000's)

Group Rank	Issue	FY06	FY07	FY08	FY09	FY10	FY11
1	**DODMERB**	2,200	2,288	2,380	2,475	2,574	2,677
2	**Appointing**	12,800	13,312	13,844	14,398	14,974	15,573
3	**Utilization Management**	18,959	20,021	21,142	22,326	23,576	24,896
4	**Buckley Pharmacy**	6,200	6,448	6,706	6,974	7,253	7,543
NA	**C-9 Divestiture**	22,280	23,171	24,098	25,062	26,064	27,107
	Total	**62,439**	**65,240**	**68,170**	**71,235**	**74,441**	**77,796**

Work in Progress

Issues must be validated, vetted, and stratified

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AF Medical MILCON FY 06-11 POM

Lt Col Susan Merrick,
Chief, Health Facilities Planning

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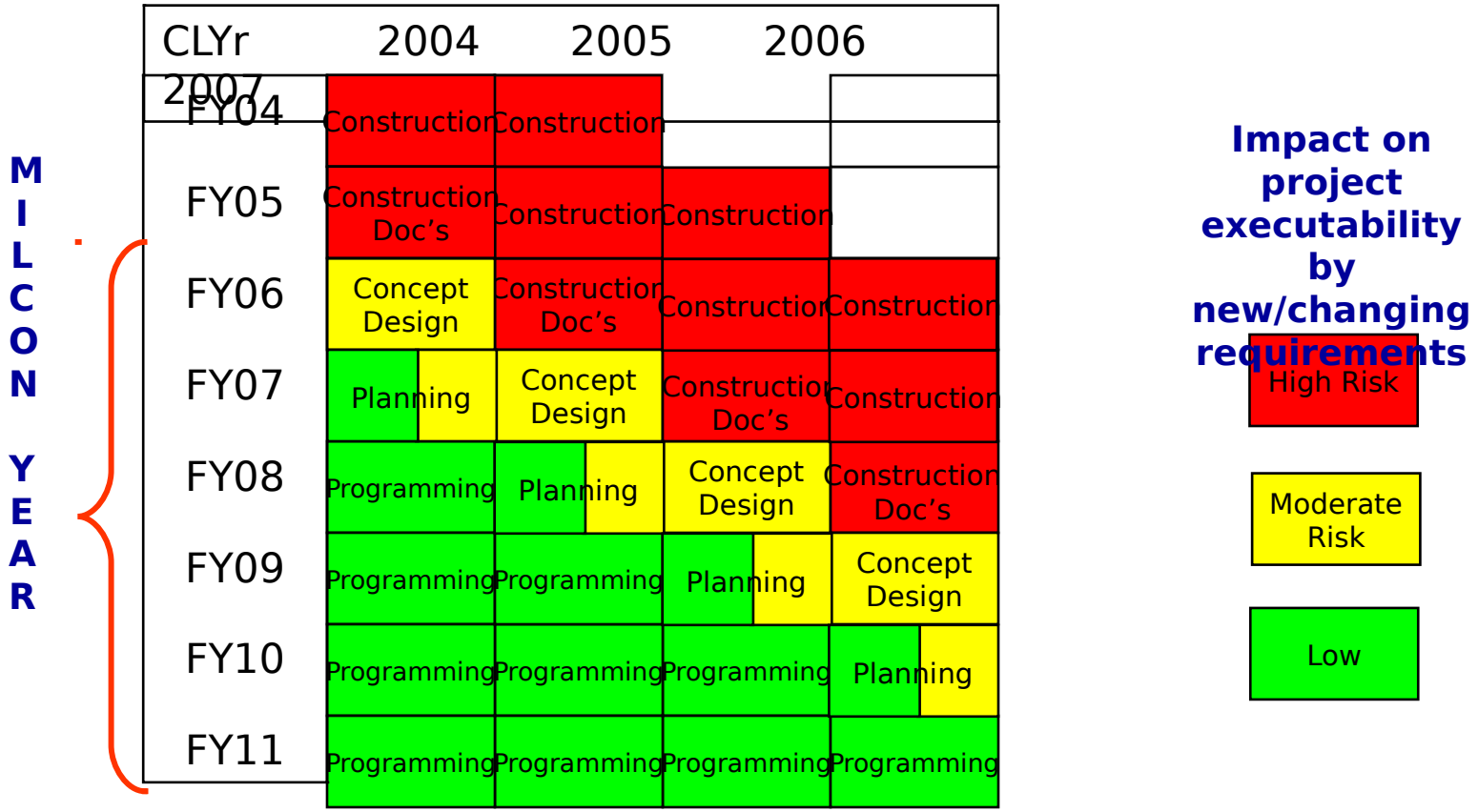
MILCON Milestones

Medical MILCON Activity Milestones



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Briefing Methodology

- Review Draft POM as approved last Fall
- Discuss individual projects in current POM
- Discuss possible changes to POM (inserts, deletions, etc)
- Discuss recommendations to adjust draft POM, focus on FY06-08

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FY 06-11 AFMS MILCON POM

DRAFT VERSION

FUNDS	FY	INSTALLATION	STATE	MAJ COM	PROJECT	PA($M)
MILCON	2006	Beale AFB	CA	ACC	Clinic ADAL	18.00
MILCON	2006	Pope AFB	NC	AMC	Clinic Rpmt	19.50
MILCON	2006	Keesler AFB	MS	AETC	Surgery Suite ADAL	12.15
					2006 Total	**49.65**
MILCON	2007	MacDill AFB	FL	AMC	Clinic Rpmt	54.00
MILCON	2007	Scott AFB	IL	AMC	WRM Warehouse	1.70
MILCON	2007	Nellis AFB	NV	ACC	BEE Facility Rpmt	1.71
					2007 Total	**57.41**
MILCON	2008	Tinker AFB	OK	AFMC	Clinic Rpmt	45.00
MILCON	2008	Lackland AFB	TX	AETC	Dental Consolidation	14.30
					2008 Total	**59.30**
MILCON	2009	Ramstein AB	GE	USAFE	Clinic Rpmt	49.00
MILCON	2009	Grand Forks AFB	ND	AMC	Clinic Alteration	12.00
MILCON	2009	Andrews AFB	MD	AMC	Sys/Edu & Training	3.00
					2009 Total	**64.00**
MILCON	2010	USAFA	CO	USAFA	BEE Rpmt	2.00
MILCON	2010	Luke AFB	AZ	AETC	CMF ADAL	10.00
MILCON	2010	Shaw AFB	SC	ACC	Clinic Rpmt	28.00
MILCON	2010	Davis-Monthan AFB	AZ	ACC	Clinic Rpmt	28.00
MILCON	2010	Eglin AFB	FL	AFMC	BEE Rpmt	2.10
					2010 Total	**70.10**
MILCON	2011	Scott AFB	IL	AMC	CMF Rpmt, Ph 1	67.00
MILCON	2011	Seymour-Johnson AFB	NC	ACC	CMF Alteration	10.10
77.10	77.10				**2011 Total**	**77.10**

FY06 MILCON Program/ Milestones

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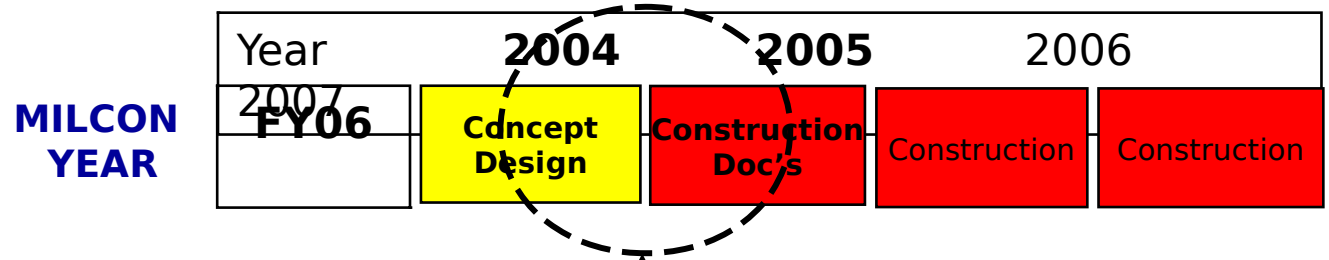
Medical MILCON Activity Milestones



Impact on project executability by new/changing requirements

- High Risk
- Moderate Risk
- Low

FY 06 Projects:

Beale Clinic Addition/Alteration

Pope Clinic Replacement - $19.5

Keesler Surg/CSS/PT Add/Alt - $

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FY06 Beale Clinic Add/Alt

Beale Clinic Addition/Alteration $18M

- **SCOPE** - Comprehensive modernization project to circa 1961, one-story former hospital building
  - 9,400 GSF Addition; 61,500 GSF Alteration (entire bldg)
  - Consolidates outlying functions (LS, Info Sys, Fac Mgmt)
- **STATUS**
  - Concept Designs Complete
  - Construction Documents Underway
- **ISSUES** - No major issues or problems; ahead of schedule

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FY06 Pope Clinic Replacement

Pope Clinic Replacement
$19.5M

- **SCOPE** – Replaces overcrowded medical clinic and consolidates outlying functions (logistics, RMO, BEE)
  - 66,000 GSF New Clinic; Demolishes 30,000 GSF of old clinic
  - Most space constrained clinic in AMC inventory
- **STATUS** - Behind schedule – need 35% cost certification by August; design not yet started
- **ISSUES** - Located in joint service area; Womack is lead
  - TMA withholding design authorization until satisfied project fully coordinated with market manager
  - TMA Site visit 8-9 March

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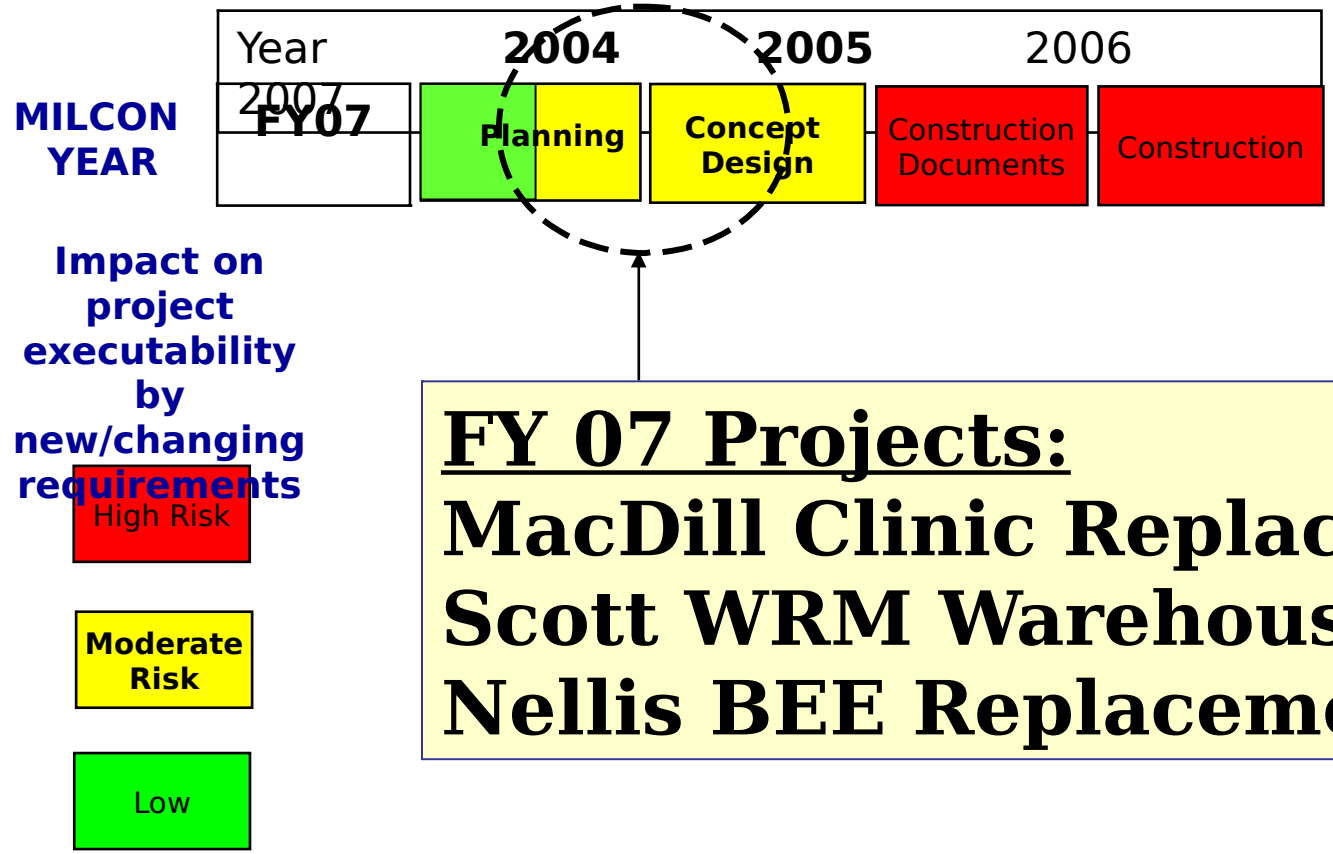
FY06 Keesler Surg/CSS/PT Add/Alt

Keesler Surg/CSS/PT Addition/Alteration $12M

- **SCOPE** - New 3-story tower for PT, CSS, and 4 new OR's; alteration of existing OR area for 4 OR's, PACU, and all support
  - 25,000 GSF Addition; 19,000 GSF Alteration (all of existing surgery)
  - Surgery area not significantly upgraded since 1957
  - Physical therapy operates in split locations
  - CSS operates in sub-standard space in basement
- **STATUS** - Concept design underway
- **ISSUES** - Project will fully support VA surgical workload if consolidation of inpatient/surgical services occurs
  - CARES report states Gulf Coast is in "highest priority" category for collaboration
  - BGen Young supports consolidating VA inpatient services at Keesler

FY07 MILCON Program/ Milestones

Medical MILCON Activity Milestones



FY 07 Projects:

MacDill Clinic Replacement - $5

Scott WRM Warehouse Rpmt - $

Nellis BEE Replacement - $1.7M

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FY07 MacDill CMF Rpmt

MacDill CMF Replacement $54M (++)

- **SCOPE** - Replaces oldest CONUS hospital in inventory
  - Planned facility staffed as hospital with inpatient/specialties at Tampa General
  - Exact size of facility still not resolved
- **STATUS** - Planning documents due to TMA Jun 04
  - Program for Design (room list) must be updated based on POM 06 staffing laydown
  - Need agreement on staff at MacDill vs downtown ASAP to meet FY07 MILCON schedule (Who approves???)
- **ISSUES** - Cost likely to grow beyond available TOA in FY07
  - Previous cost estimate based on clinic staffing
  - Cost increase would require phased funding (FY07/08)

MacDill Services Matrix

Based on MacDill's BCA Analysis -

Staff & Services to be located at:		
MacDill	**Tampa General**	**Network**
Dermatology	Gen Surg	ENT
ER*	Ophthalm	Gyn
Gastro	Oral Surg	Urology
Ortho/Pod*	Inpatient Beds**	
Lab		
Rad		

*ER, Ortho, and Podiatry were indicated as cheaper on Network but 6 AMW/CC feels essential to keep on base

** Inpatient Beds not analyzed; directed to locate downtown

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FY07 Scott WRM Warehouse

Scott WRM Warehouse Rpmt **$1.7M**

- **SCOPE** – Replaces existing WW II era wooden warehouses
- **STATUS** – On hold pending decision on centralized storage of WRM assets
- **ISSUES** – Need to decide soon on project requirement or slip to later year

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FY07 Nellis BEE Rpmt

Nellis BEE Facility Replacement $1.7M

- **SCOPE** – Replaces 15 year old temporary modular building housing BEE
  - Approx 5,000 GSF new building
  - Currently BEE staff is 18; POM 06 increases staff to 26
- **STATUS** – Planning docs may need minor update if projected staff changes
  - Project will be forwarded to TMA in May/Jun for Design Authorization
  - Can be constructed via a design-build contract
- **ISSUES** – May need temporary space for incoming BEE staff until project is complete in FY08

FY08 MILCON Program/ Milestones

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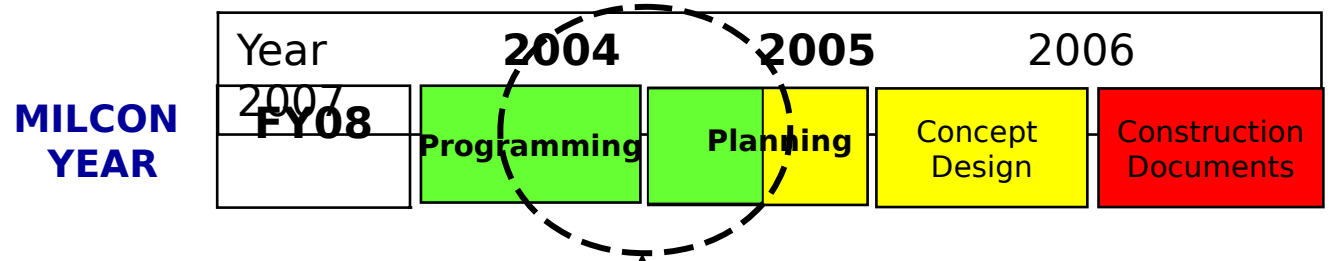
Medical MILCON Activity Milestones



Impact on project executability by new/changing requirements

- High Risk
- Moderate Risk
- Low

FY 08 Projects:

Tinker Clinic Replacement - $45M

Lackland Dental Consolidation - $

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FY08 Tinker Clinic Rpmt

Tinker Clinic Replacement $45M++

- **SCOPE** - Replaces 1957 era hospital building
  - 170,000 GSF new clinic
  - 10,000 GSF Reserve building (partially Reserve funded)
  - Robust workload – 50,000 eligibles: 26,000 enrolled to MTF; high retiree usage of pharmacy
  - Surg and Ortho in clinic with surgery downtown
  - POM 06 shows +95 staff
- **STATUS** - TMA will allow project to be designed early
  - Planning documentation due this summer to maintain early track
  - Can serve as back-up (insert) project in FY07 or remain in FY08
  - Less flexibility to change project once design starts
- **ISSUES** - Current cost estimate $55M; may require phased funding

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FY08 Lackland Dental Consolidation

Lackland Dental Consolidation $14.5M++

- **SCOPE** - Vacates deteriorating McKown Dental Clinic, some of Kelly & consolidates at Dunn
  - Includes large multi-story addition and alteration of existing Dunn
  - Consolidates residency/hygienist training functions from Kelly and McKown to Dunn
  - Improves efficiency of large residency program and care for 24,000 AD, trainees, and technical students
- **STATUS** – In planning, Program for Design being developed
  - Economic Analysis will be initiated this Fall
- **ISSUES** - Budget may need to increase
  - May need to totally vacate Kelly dental clinic; Kelly USA plans to construct road through the leased facility
  - DIS recommends significantly increasing number of DTRs beyond initial planning estimates

FY09 MILCON Program/ Milestones

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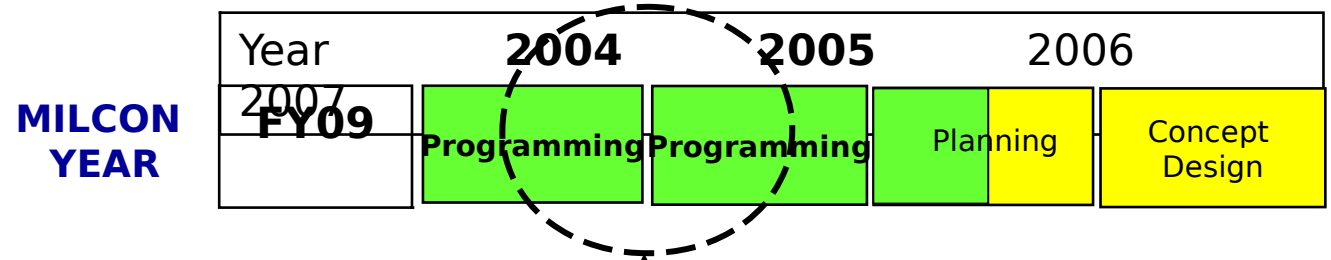
Medical MILCON Activity Milestones



Impact on project executability by new/changing requirements

- High Risk
- Moderate Risk
- Low

FY 09 Projects:

Ramstein Clinic Rpmt - $49M

Grand Forks Clinic Alteration - $

Andrews Systems Building - $3M

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FY09 Ramstein Clinic Rpmt

Ramstein Clinic Replacement $49M (++)

- **SCOPE** – "placeholder" project pending results of Kaiserslautern Military Community (KMC) EA and European re-basing
  - EA includes alternatives to consolidate all PC at Ramstein or to construct a consolidated hospital to serve entire KMC
  - Army also has FY09 "placeholder" project for Landstuhl
- **STATUS** – Draft EA results due end of March
  - Will be briefed to BGen Granger, Col Ediger, Col Cotta
  - EA will require update in future (European re-basing, etc)
- **ISSUES** - Cost likely to grow; possible opportunity to consolidate health care services in the KMC
  - Cost for a replacement clinic exceeds $50M now
  - Site available on Ramstein (very tight) to support a consolidated hospital (parking garage would likely be required)

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FY09 Grand Forks Clinic Alt

Grand Forks Clinic Alteration **$12M**

- **SCOPE** – Comprehensive modernization project to circa 1962/69 former hospital building a la Beale
  - Good chassis with recently upgraded systems; dysfunctional layout
- **STATUS** – Engineering and Functional Utilization Study completed in ‘03 recommending alteration vs replacement
  - Economic Analysis will be initiated in late FY05/early FY06
- **ISSUES** - None

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FY09 Andrews Systems Bldg

Andrews Systems/Training Bldg **$3M**

- **SCOPE** – Replacement building to consolidate all information systems functions currently scattered in 5 different locations
- **STATUS** – Project needs revalidation pending POM 06 staffing decision
  - Significant decrease in Andrews staffing may negate need for project
- **ISSUES** – May be deleted from MILCON POM, pending further study

FY10 MILCON Program/ Milestones

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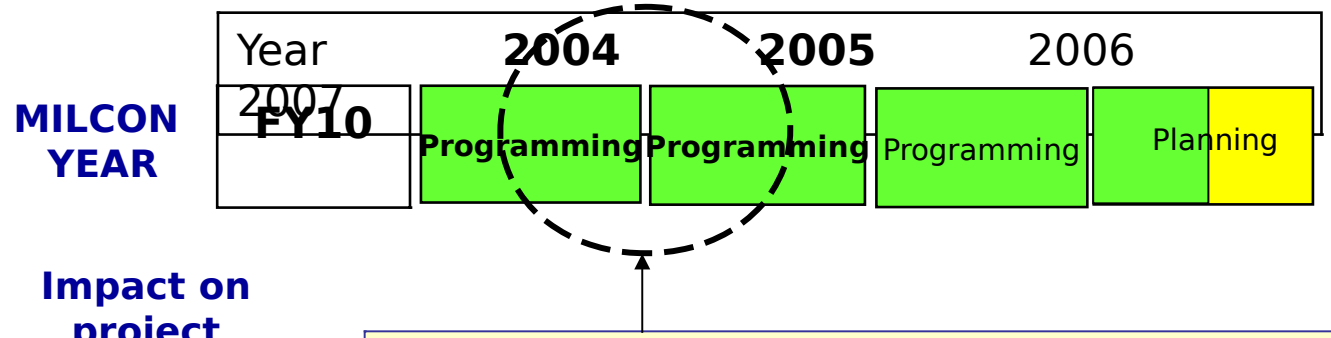
Medical MILCON Activity Milestones



Impact on project executability by new/changing requirements

- High Risk
- Moderate Risk
- Low

FY 10 Projects:

USAFA BEE Rpmt - $2.0M
Luke CMF ADAL - $10M
Shaw Clinic Rpmt - $28M
Davis-Monthan Clinic Rpmt - $28
Eglin BEE Rpmt - $2.1M

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FY10 MILCON Program

- **All Projects in Preliminary Programming Stage**
- **USAFA BEE Facility Replacement ($2.0M)** – Replaces inadequate 4th floor space in shared line facility; POM 06 shows +7 BEE techs
- **Luke CMF ADAL ($10M)** – Scope of project still being refined pending POM 06 staffing decisions; may be revised to PCO clinic alteration
- **Shaw Clinic Rpmt ($28M)** – Replaces 1968 hospital chassis with poor layout and failing building systems & associated outbuildings
- **Davis-Monthan Clinic Rpmt ($28M)** – PCO clinics replaced in 2002; this project replaces remaining functions in main building & connects them to PCO bldg
- **Eglin BEE Facility Replacement ($2.1M)** – Replaces split operations in two circa 1940's buildings

FY11 MILCON Program/ Milestones

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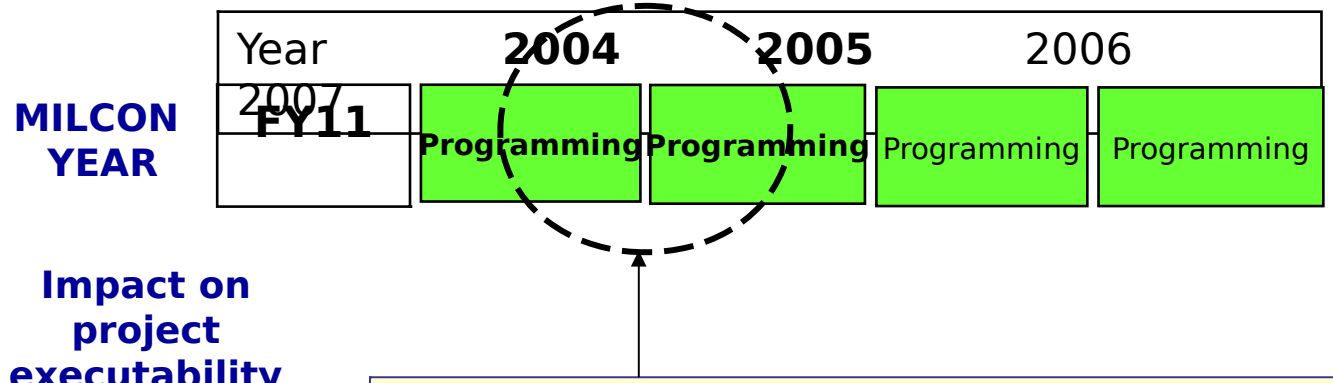
Medical MILCON Activity Milestones



Impact on project executability by new/changing requirements

- High Risk
- Moderate Risk
- Low

FY 11 Projects:

Scott CMF Rpmt Ph 1 - $67M

Seymour-Johnson CMF Alt - $10.1

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FY 11 MILCON Program

- All Projects Are in Preliminary Programming Stage
- Scott CMF Replacement, Ph 1 ($67M)
  - Replaces circa 1958 hospital with severe infrastructure degradation
  - Interim O&M upgrades under design (may allow rpmt to occur later depending on total scope of upgrades)
  - Total cost $100-120M, includes land acquisition
- Seymour-Johnson CMF Alteration ($10.1M)
  - Comprehensive alteration of 1960's era former hospital
  - Engineering and Facility Utilization study underway to refine project scope

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Other Possible MILCONs

- **The following may need to be inserted into the FY06-11 POM:**
  - **Further study will be done**
  - **Updates provided at next Group MILCON briefing**

- **Eglin Addition –** Biggest POM 06 staff increase (+371); VA interest in inpatient/specialty services; temporary facilities may be needed in interim
- **Nellis Addition -** +253 in POM 06 along with VA request for more beds/space
- **Hurlburt -** +35 in POM 06
- **Spangdahlem –** Hospital or Clinic? European re-basing support?
- **MWD Hospital ($12M) –** Pending input from SG
- **Peterson Life Skills Clinic ($1.9M)** – Was FY05 MILCON; cut through PBD; design is being completed; can be re-inserted

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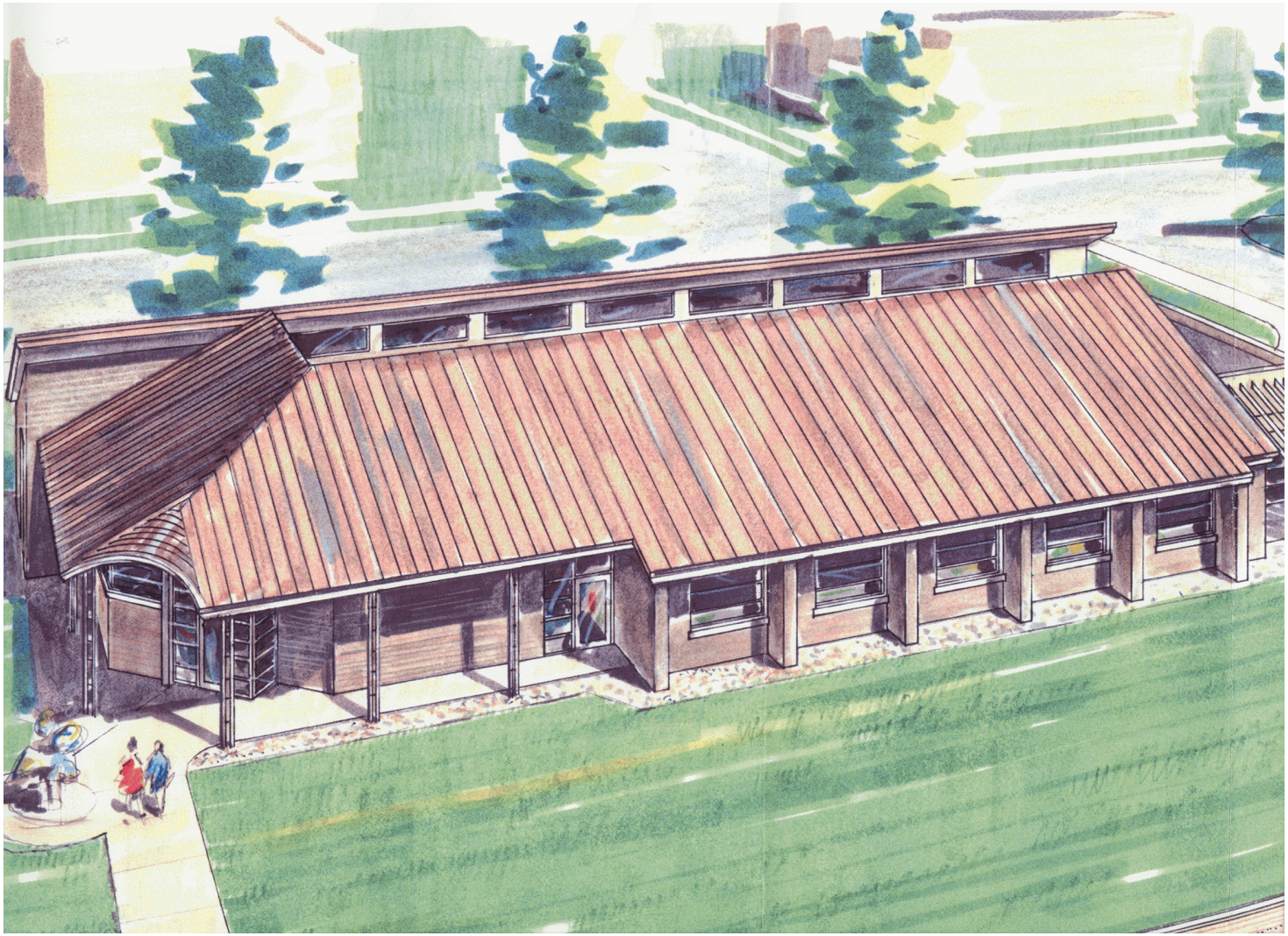
Peterson Life Skills Center



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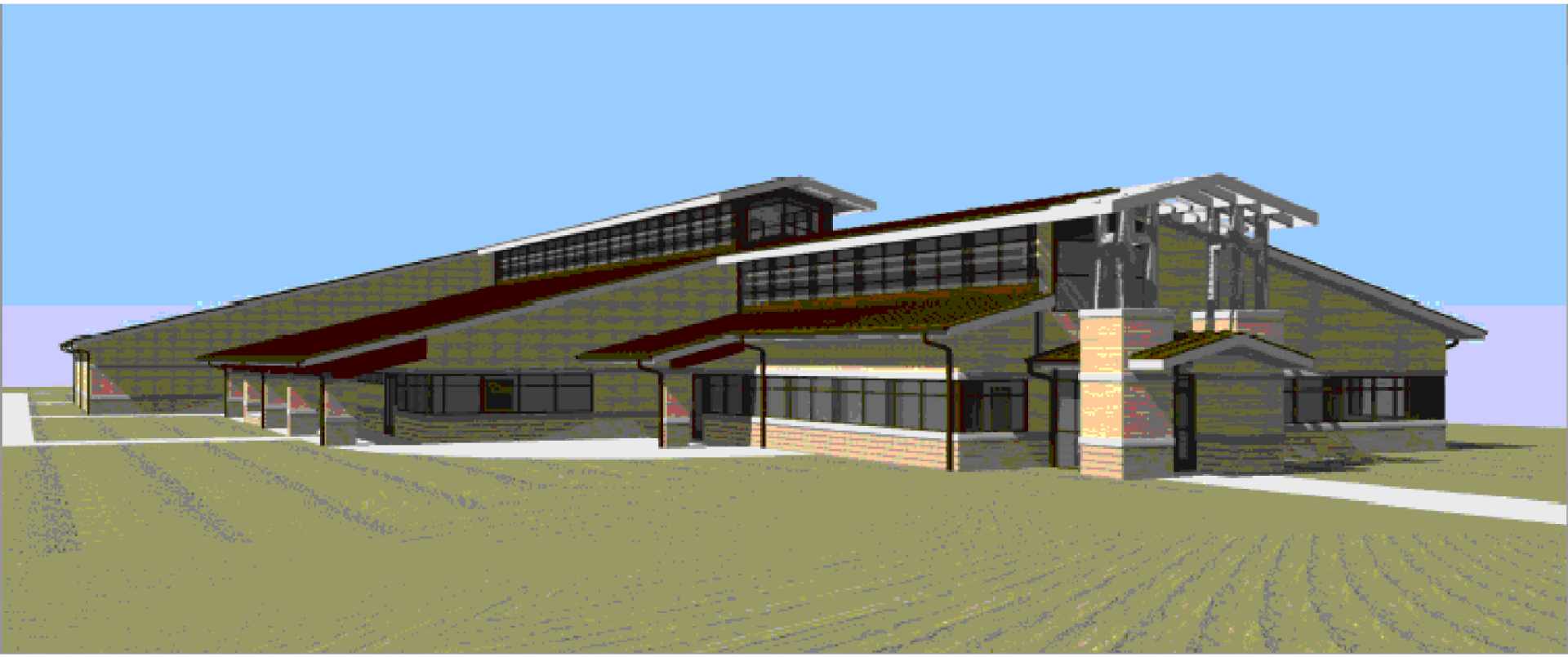
MWD Hospital Rendering



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Military Working Dog Hospital

MWD Hospital Replacement **$12M**

- **SCOPE** – Replace overcrowded 1967 facility to meet current accreditation standards and support 25% increase in workload
  - 31,000 GSF New Hospital, Demolition of old 15,000 GSF Hospital
  - MWD Hospital only one in Entire DoD inventory;
  - Supports Army, Navy, AF, TSA, Customs, Coast Guard, Secret Service, & NSA requirements
  - $12M construction + $3M initial outfitting
- **STATUS**
  - 65% Design Complete
- **ISSUES** – Not currently in 06-11 POM

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Next Steps

- 06-11 MILCON POM “Call” Expected in April 06
  - Revisions Forwarded to MAJCOMs for Comment then Air Staff
- Need Firm Commitment on 07/08 Program
- Possible Near-Term Changes:
  - Phase Fund MacDill and Tinker
  - Increase Budget for Lackland Dental
  - Insert MWD Hospital
  - Delete/Rescope Scott WRM
  - Insert Peterson Life Skills Rpmt

Questions?

Meeting Recap & Calendar

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- **New Items**
- **Action Items**
- **Meeting Schedule:**
  - **AFMS Group: Wed., 17 Mar, 1300-1530 EST, 4th flr conf rm**